Written by **Veronique de Rugy** on July 25, 2019

# Once Again, Uncle Sam Shirks Fiscal Responsibility in Budget Deal

This year, the deficit will end up being the fourth highest in U.S. history. It's gigantic, and it will hit a little over $1 trillion by the end of the fiscal year. It's also larger than previously projected. And it's growing fast, at a time when the United States is not in a recession — unlike the economies that delivered the three previous highest deficits.

These are all facts that should help members of Congress and the administration recognize that it's probably time to reduce spending. But they fail to make that realization.

White House and congressional negotiators reached accord on a two-year budget on Monday. That deal would lift discretionary spending caps by $320 billion over the next two years. Just a reminder, Congress put these caps in place as the result of the 2011 debt-ceiling debate. At the time, the debt had doubled since 2008, and annual deficits were above $1 trillion because of the recession and a silly, expansive stimulus bill. President Barack Obama was then in power, and Republicans in Congress were allegedly horrified by the level of red ink. As such, they were not going to agree to increase Uncle Sam's borrowing authority without some commitment to fiscal responsibility — hence the spending caps.

That was then; this is now.

If the last eight years have proven anything, it's that nothing is more predictable than the spectacle of both parties making a deal to do away with the caps, at least "temporarily." Now, you can't blame the Democrats who never wanted the caps in the first place and have no problem asking for ever-more government spending. The same can't be said about Republicans, however, who staged a big show to get the caps in the first place and always like to parade as the party of fiscal responsibility.

So here we are today. This deal would lift the caps for two years. The Committee for a Responsible Federal Budget (CRFB) projected that it would add up to $1.7 trillion to the debt over the next decade. In exchange for this extra spending — which House Democrats love, I am sure — the debt ceiling would be suspended for two years, which the administration and the Department of the Treasury in particular must love.

Let me repeat that: House Speaker Nancy Pelosi would get $320 billion above the FY2019 levels of $597 billion for discretionary spending and $647 billion for defense (plus an additional $69 billion in the Pentagon's Overseas Contingency Operations fund), while Treasury Secretary Steven Mnuchin would not have to worry about his ability to borrow more money for Uncle Sam. Meanwhile, future taxpayers would be saddled with a phenomenally large debt increase and the corresponding promise of higher taxes and slower growth.

We are told not to worry, as some $55 billion of that spending increase with be offset with other savings, such as some Medicare cuts and Customs and Border Protection fees. But when all is said and done, if you believe that these offsets will materialize, I have some oceanfront property in the Mojave Desert to sell you. Whatever Congress and the White House agree to cut this time around is likely to go the way of the 2011 spending caps and be negotiated away in future budget deals.

When this budget deal was announced, CRFB President Maya MacGuineas rightfully noted that “this agreement is a total abdication of fiscal responsibility by Congress and the President. It may end up being the worst budget agreement in our nation’s history, proposed at a time when our fiscal conditions are already precarious.” She added that “If this deal passes, President Trump will have increased discretionary spending by as much as 22 percent over his first term, and enshrine trillion-dollar deficits into law.”

In the process, President Donald Trump undermined his budget director, Mick Mulvaney, who argued for the implementation of a one-year overall spending freeze instead of this spending frenzy. I guess Trump’s 2018 commitment that he would never sign a massive spending deal ever again was fake news.

*Veronique de Rugy is a senior research fellow at the Mercatus Center at George Mason University. To find out more about Veronique de Rugy and read features by other Creators Syndicate writers and cartoonists, visit the Creators Syndicate webpage at www.creators.com.*